(d) whether any steps are being taken to revive them;

(e) if so, the details thereof; and

(f) if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI DINSHA J. PATEL): (a) Yes, Sir. The sunset provision on Section 80-IB(9) of the Income Tax Act included in Memorandum to Finance Bill, 2008 withdraws the exemption of hundred percent of profits for a period of seven consecutive assessment years including the initial assessment year available for commercial production of petroleum and natural gas for undertakings where refining of mineral oil begins after 01.04.2009.

The timeline of 01.04.2009 for withdrawal of the fiscal incentives will create an imbalance as less than half of the projected capacity during Eleventh Plan is expected to be commissioned by end of 2008 while the balance PSU/JV capacity is expected to come on stream thereafter, till 2012. The proposed amendment will create a large disparity between the projects commissioned till 01.04.2009 and those other which will be commissioned beyond 01.04.2009.

Given the country's increasing import dependence for crude oil and steps taken for promoting value addition in refining for making the country an export hub of petroleum products, the proposed changes will have repercussions on the country's PSU refineries and the E & P sector besides having a negative impact on the country's energy security efforts.

(b) to (f) ONGC has informed that as far as Mangalore Refinery and Petrochemicals Ltd. (MRPL) is concerned, the existing provisions of the Income Tax Act would entitle MRPL to claim tax benefit in respect of the proposed Greenfield refinery in Mangalore and also for the ongoing expansion and upgradation projects which are scheduled to commence refining after 1st April, 2009. However, due to introduction of Sunset Clause in the said Section, as proposed in the Finance Bill, 2008, the tax holiday benefit would cease to be available for such projects, raising serious questions over the viability of the projects.

The proposed Sunset Clause would partially affect the Kakinada Refinery. This proposed Refinery being envisaged to be set up within the Kakinada Special Economic Zone (KSEZ) would be eligible for tax holiday benefits under SEZ Act on profit earned from export. The profit earned on domestic sales will not be eligible for tax benefit which would have been otherwise available.

At MRPL, Mangalore, the expansion and upgradation project from its current capacity of 9.69 MMTPA to 15 MMTPA is under implementation. A proposal for a Greenfield refinery of 15 MMTPA capacity at Mangalore is being evaluated by ONGC-MRPL.

Oil from African countries

2437. DR. K. MALAISAMY:
SHRI S. ANBALAGAN:

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether China is currently importing 70 per cent of Sudanese Crude Oil;

(b) if so, the percentage of our Crude import from Sudan;

(c) what is our role in getting our share of oil sources from African countries since oil diplomacy is in full swing between US and China;

(d) what is the shortfall of requirement per annum, how the same is managed all along; and

(e) the possibility of exploring our local potentiality still or to go for alternatives instead of depending on imports?

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI DINSHA J. PATEL): (a) This Ministry has no information in this regard.

(b) In the year 2006-07, India imported 111.5 Million Metric Tonnes of crude oil, 0.14% of which was imported from Sudan.

(c) Government is using diplomatic channels to get our share of oil sources from African countries and making continuous efforts to have enhanced bilateral cooperation with oil and gas producing countries, including African countries, both in the upstream and downstream sectors. The first India-Africa Hydrocarbon Conference and Exhibition was organized on 6-7th November, 2007 by the Ministry of Petroleum and Natural Gas with the support of United Nations Council on Trade and Development (UNCTAD). A total of 26 African countries, including Sudan, participated in the two day deliberations and a framework envisaging greater cooperation between India and the African continent in the field of Hydrocarbons was drawn up.

(d) The details of crude oil process, production and shortfall are given below:—

Year	Crude oil processed (MMT)	Crude oil produced (MMT)	Crude oil shortfall (MMT)	Remarks
2006-07	141.5	31.5	110.0	The shortfalls in requirements were covered by importing crude oil from abroad.
2005-06	127.0	30.1	96.9	
2004-05	124.3	32.1	92.2	

(e) In order to reduce dependence on crude import, the Government is making all possible efforts in exploring our local potentiality as well as searching alternative sources of energy. In this connection, several steps have been/are being taken which include:

(i) Carving out more and more areas for exploration for offer under various rounds of New Exploration Licensing Policy (NELP).

(ii) Quicker development of discovered oil and gas reserves for enabling early commencement of production.

(iii) Use of stimulation techniques for increasing production from existing fields.

(iv) Application of Enhanced Oil Recovery (EOR)/Improved Oil Recovery (IOR) techniques for increasing recovery factor from existing fields.

(v) Arresting decline of production from ageing fields.

(vi) Acquisition of exploration acreages and oil producing properties overseas to bring in Equity Oil.

(vii) Substitution of oil in the transport sector through use of alternative fuels such as bio-diesel, ethanol blended-petrol etc.

(viii) Evolving suitable production technology for extraction of gas from gas hydrates under National Gas Hydrates Programmes (NGHP).

Transparent gas cylinders

2438. SHRI B.J. PANDA:
MS. MABEL REBELLO:

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether it is proposed to introduce transparent gas cylinders to ascertain the left-over liquefied gas therein;

(b) if so, the details thereof, *inter-alia* indicating the time-frame within which these would made available to users; and

(c) the proposed deterrent action plan of Government to ensure that domestic gas cylinders are not diverted for commercial use?

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI DINSHA J. PATEL): (a) and (b) Government has conveyed "in principle" approval to the Public Sector Oil Marketing Companies (OMCs) for expanding the product line by way of introduction of composite cylinders for marketing domestic LPG, subject to there being no subsidy element in the LPG to be marketed through these composite cylinders. To start with, Indian Oil Corporation Limited (IOC) along with Bharat Petroleum Corporation Limited (BPCL) and Hindustan Petroleum Corporation Limited (HPCL) intend to import some cylinders by floating global tender and do test marketing in selected cities during 2008-09. The composite cylinders are translucent and will show the level of LPG present in the cylinder.

(c) The possibility of diversion of subsidized domestic LPG cylinders by some unscrupulous elements cannot be ruled out due to the wide gap between the retail price of LPG for domestic use and the market price for commercial LPG.

In order to stop diversion of LPG Cylinders, the Government has enacted "Liquefied Petroleum Gas (Regulation of Supply and Distribution) Order, 2000" and formulated "Marketing Discipline Guidelines, 2001" which provides for penal action against LPG distributors indulging in diversion of LPG.

Whenever OMCs receive complaints, these are investigated and if the complaint is established, suitable action is taken against the LPG distributor(s) in acordance with the provisions of the MDG. MDG provides for following action against the distributor:—

- Fine of Rs. 20,000 plus the price of LPG diverted at commercial rates for 1st offence.
- Fine of Rs. 50,000 plus the price of LPG diverted at commercial rates for 2nd offence.
- Termination of the distributorship for 3rd offence.

In addition to the action taken by the OMCs, State Governments are empowered under the LPG (Regulation of Supply & Distribution) Order, 2000 promulgated under the Essential Commodities Act, 1955 to take action against black marketing of domestic LPG. Similarly,